Why OIG Did This Review
In a previous review, OIG determined that the Centers for Medicare & Medicaid Services (CMS) had recovered the majority of Medicaid overpayments that we had identified in audit reports issued during Federal fiscal years (FYs) 2000 through 2009. However, millions of dollars remained uncollected at the time we issued our report. We performed the current audit as a followup to the previous audit to determine whether CMS recovered Medicaid overpayments for a more recent period, as well as remaining overpayments in the previous audit.

Our objective was to determine whether CMS recovered overpayments identified in OIG audit reports in accordance with Federal requirements.

How OIG Did This Review
We reviewed CMS’s efforts to collect overpayments identified in 313 audits issued in FYs 2010 through 2015 (the current period) that recommended recovering overpayment amounts totaling $2.7 billion and 10 audits issued for FYs 2004 through 2009 (the prior period) that recommended recovering overpayment amounts totaling $225.6 million. For these 323 audits, we chose only the overpayments that we had recommended for recovery and with which CMS had concurred, which totaled $2.6 billion for the current period and $191.3 million from the prior period.

The Centers for Medicare & Medicaid Services Had Not Recovered More Than a Billion Dollars in Medicaid Overpayments Identified by OIG Audits

What OIG Found
CMS had not recovered all of the overpayments identified in OIG audit reports in accordance with Federal requirements. Specifically, CMS did not collect $1.6 billion in overpayments identified in 77 current period audits and $188.6 million in overpayments identified in 7 prior period audits. CMS is in discussions with State officials regarding 26 reports and 51 outstanding overpayments that continue to be in the disallowance process. In addition, CMS did not ensure that States correctly reported Medicaid overpayments on the Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program Form CMS-64 (CMS-64). Finally, we could not verify the accuracy of $2.7 million that CMS told us was reported by States because before our review CMS disposed of documents supporting that overpayments were recovered.

CMS had not recovered all overpayments covered by this review because its policies and procedures did not include timelines for resolving overpayments when State agencies disagreed with the recommendations. CMS did not ensure that States correctly reported Medicaid overpayments because it did not always verify that States followed its guidance. CMS did not retain documentation to support that overpayments were recovered because its standard operating procedures included a retention period that was inconsistent with Federal retention guidelines.

CMS’s prompt recovery of overpayments helps ensure that Federal funds are effectively and efficiently used to carry out the activities for which they are authorized. CMS’s failure to collect and States’ failure to pay illustrates a significant financial stewardship vulnerability.

What OIG Recommends and CMS Comments
We recommend that CMS recover the remaining $1.6 billion due the Federal Government from the current period and $188.6 million due the Federal Government from the prior period and improve the timeliness of recovering overpayments by setting guidelines about the time CMS has to work with States to obtain documentation and issue disallowance letters to States. We also recommend that CMS verify that States report overpayments correctly, require States to resubmit corrected CMS-64s when they do not, and continue to educate States about their responsibility to report overpayments correctly.

In written comments on our draft report, CMS concurred with our recommendations and described actions that it has taken or plans to take to address the recommendations.

The full report can be found at https://oig.hhs.gov/oas/reports/region5/51700013.asp.